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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

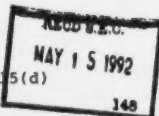
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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934For Quarter Ending March 31, 1992

Commission File #0-5704

N92-2267

MAYNARD OIL COMPANY

(Exact name of registrant as specified in its charter)

PROCESSED BYDelaware

75-1362284

(State or other jurisdiction of incorporation or

MAY 15 1992

(IRS Employer Identification No.)

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Registrant's telephone number, including area code: (214)891-8880

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 10, 1992.

4,917,829 shares of common stock, par value \$0.10

MAYNARD OIL COMPANY AND SUBSIDIARIES

Index to Consolidated Financial Statements and Schedules

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MAYNARD OIL COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,152,434	\$ 6,956,559
Accounts receivable, trade	2,091,016	4,180,571
Refundable income taxes	--	328,000
Inventories	322,825	437,288
Prepaid expenses and other current assets	121,919	502,004
Net assets of discontinued operations	<u>2,575,570</u>	<u>--</u>
Total current assets	<u>12,263,764</u>	<u>12,404,432</u>
Property and equipment, at cost:		
Oil and gas properties, successful efforts method	66,316,563	65,804,903
Drilling rigs and related equipment	--	15,089,237
Transportation and service equipment	--	1,189,914
Other property and equipment	<u>631,521</u>	<u>1,326,542</u>
	66,948,084	83,410,596
Less accumulated depreciation and amortization	<u>(36,143,275)</u>	<u>(48,951,344)</u>
Net property and equipment	<u>30,804,809</u>	<u>34,459,252</u>
	<u>\$43,068,573</u>	<u>\$46,863,674</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$2,000,000	\$2,000,000
Accounts payable	1,879,823	2,397,874
Accrued expenses	<u>917,324</u>	<u>1,418,969</u>
Total current liabilities	<u>4,797,147</u>	<u>5,816,843</u>
Deferred income taxes	2,036,462	2,371,844
Long-term debt	5,500,000	6,000,000
Shareholders' equity:		
Preferred stock of \$.50 par value. Authorized 1,000,000 shares; none issued	--	--
Common stock of \$.10 par value. Authorized 20,000,000 shares; 4,917,829 and 5,146,229 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively	491,783	514,623
Additional paid-in capital	18,607,652	18,607,652
Retained earnings	<u>11,635,529</u>	<u>13,552,712</u>
Total shareholders' equity	<u>30,734,964</u>	<u>32,674,987</u>
Commitments	<u>\$43,068,573</u>	<u>\$46,863,674</u>

MAYNARD OIL COMPANY AND SUBSIDIARIES
Consolidated Statements of Operations

	<u>Three Months ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
Revenues:		
Oil and gas sales and royalties	\$ <u>4,437,938</u>	\$ <u>3,457,518</u>
Costs and expenses:		
Operating expenses	1,609,565	1,758,850
Dry holes and abandonments	15,222	353,164
Lease rentals and seismic	4,842	1,830
General and administrative	468,941	461,284
Depreciation and amortisation	<u>1,685,585</u>	<u>1,528,233</u>
	<u>3,784,155</u>	<u>4,103,361</u>
Operating profit	<u>653,783</u>	<u>1,354,157</u>
Other income (deductions):		
Interest income	63,228	117,946
Interest expense	(115,464)	(196,953)
Gain on disposition of assets	<u>46,103</u>	<u>1,614</u>
	<u>(6,133)</u>	<u>(77,393)</u>
Income from continuing operations before income taxes	647,650	1,276,764
Income tax expense	<u>218,115</u>	<u>437,904</u>
Net income from continuing operations	\$ <u>429,535</u>	\$ <u>838,860</u>
Discontinued operations:		
Income (loss) from discontinued operations, net of income tax benefit of \$218,000 in 1992 and income tax expense of \$77,750 in 1991	(423,096)	140,173
Estimate loss on disposal of discontinued operations, net of income tax benefit of \$412,000	<u>(799,828)</u>	<u>—</u>
Net income (loss)	\$ <u>(793,389)</u>	\$ <u>979,033</u>
Weighted average number of common shares outstanding	<u>5,008,112</u>	<u>5,187,143</u>
Net income (loss) per common share:		
Continuing operations	\$.08	\$.16
Discontinued operations	<u>(.24)</u>	<u>.03</u>
	<u>\$ (.16)</u>	<u>\$.19</u>

MAYNARD OIL COMPANY AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
Three Months Ended March 31, 1992
(Unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 31, 1991	5,146,229	\$514,623	\$18,607,652	\$13,552,712	\$32,674,987
Net loss	--	--	--	(793,389)	(793,389)
Purchase and retirement of common stock	<u>(228,400)</u>	<u>(22,840)</u>	<u>--</u>	<u>(1,123,794)</u>	<u>(1,146,634)</u>
Balance at March 31, 1992	<u>4,917,829</u>	<u>\$491,783</u>	<u>\$18,607,652</u>	<u>\$11,635,529</u>	<u>\$30,734,964</u>

See accompanying Notes to Consolidated Financial Statements.

MAYNARD OIL COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	<u>Three Months ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
Cash flows from operating activities:		
Net income from continuing operations	\$ 429,535	\$ 838,860
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,685,585	1,528,233
Deferred income taxes	(110,000)	210,000
Dry holes and abandonments	15,222	353,164
Current year costs of dry holes and abandonments	(15,222)	(353,164)
(Gain) loss on disposition of assets	(46,103)	(1,614)
(Increase) decrease in current assets:		
Accounts receivable	585,721	1,260,914
Recoverable income taxes	328,000	--
Inventories	(8,101)	4,052
Prepaid expenses and other current assets	271,942	(132,139)
Increase (decrease) in current liabilities:		
Accounts payable	(203,787)	195,735
Accrued expenses	(50,276)	556,517
Income taxes payable	--	(589,750)
Net cash provided (used) by operating activities of		
Continuing operations	2,882,516	3,870,808
Discontinued operations	<u>(414,044)</u>	<u>1,499,670</u>
Net cash provided by operating activities	2,468,472	5,370,478
Cash flows from investing activities:		
Proceeds from disposition of assets	76,776	2,509
Additions to property and equipment	<u>(578,099)</u>	<u>(2,287,912)</u>
Net cash (used) by investing activities	<u>(501,323)</u>	<u>(2,285,403)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(500,000)	(500,000)
Purchase of common stock	(1,146,634)	--
Exercise of stock options	<u>--</u>	<u>22,500</u>
Net cash (used) by financing activities	<u>(1,646,634)</u>	<u>(477,500)</u>
Net increase (decrease) in cash and cash equivalents	320,515	2,607,575
Cash and cash equivalents at beginning of year	<u>5,831,919</u>	<u>5,076,635</u>
Cash and cash equivalents at end of period	<u>\$ 7,152,434</u>	<u>\$ 8,684,210</u>

See Accompanying Notes to Consolidated Financial Statements.

MAYNARD OIL COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 1992
(Unaudited)

1. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of all recurring adjustments, necessary to present fairly the Company's financial position as of March 31, 1992 and December 31, 1991, the results of operations for the three months ended March 31, 1992 and 1991 and changes in cash and cash equivalents for the three months ended March 31, 1992 and 1991.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the 1991 Annual Report to Shareholders.

2. Net income for the three months ended March 31, 1992 is not necessarily indicative of the results of the operations of Maynard Oil Company and Subsidiaries for the year ending December 31, 1992, and is subject to audit adjustments at year-end.
3. Net income (loss) per common share is based on the weighted average number of shares outstanding in each period, which was 4,917,829 and 5,187,141 shares at March 31, 1992 and 1991, respectively. The difference between primary and fully diluted earnings per share, which assumes the exercise of stock options, is not significant.
4. Income before income taxes and components of income tax expense are as follows:

	Three Months Ended March 31,	
	<u>1992</u>	<u>1991</u>
Income before income taxes:	\$ <u>647,650</u>	\$ <u>1,276,764</u>
Income tax expense:		
Federal		
Current	\$328,115	\$ 227,904
Deferred	(<u>110,000</u>)	<u>210,000</u>
Total tax expense	\$ <u>218,115</u>	\$ <u>437,904</u>

5. On May 4, 1992, the Company adopted a plan to discontinue the operations of BDK Drilling Company (BDK), a wholly-owned subsidiary which engaged in contract drilling services in South Texas. The Company anticipates disposing of the assets of BDK by way of sale. In order to complete existing customer commitments and to provide for the orderly shutdown and disposal of the operation, the phase-out period is expected to run through August 31, 1992. Provision has been made for estimated losses during the phase-out period and the anticipated loss on the sale of BDK's equipment. These amounts have been combined and are included on the Consolidated Statements of Operations under the caption "Estimated loss on disposal of discontinued operations." This loss may be adjusted in future periods depending upon the accuracy of the estimates in relation to the ultimate values realized. The results of the operations of BDK for the first quarter of 1992 are included on the Consolidated Statements of Operations under the caption "Income (loss) from discontinued operations." Operating results of discontinued operations have been reclassified from amounts previously reported and have been reported separately in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows. Revenues from discontinued operations were \$1,478,559 and \$2,807,258 at March 31, 1992 and 1991, respectively. Additionally the net assets of discontinued operations have been segregated on the March 31, 1992 Consolidated Balance Sheets as follows:

	March 31, 1992
Current assets	\$3,863,714
Current liabilities	(1,368,207)
Net property and equipment	<u>80,063</u>
Net assets of discontinued operations	<u><u>\$2,575,570</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Results of Operations

On May 4, 1992, the Company announced its intention to discontinue the operations of its wholly-owned subsidiary, BDK Drilling Company. BDK performed contract drilling services in South Texas. The Company intends to liquidate the assets of this subsidiary through a sale. Depressed hydrocarbon pricing resulted in lower utilization rates for this segment of the business, and higher costs pushed the margins to unacceptable levels. The results of operations for this segment have been segregated on the Consolidated Statements of Operations under the caption "Discontinued Operations." During the first quarter of 1992, BDK lost \$423,096 or eight cents per share, on revenues of \$1,478,559 compared with earnings of \$140,173, or three cents per share on revenues of \$2,807,258 during the same period a year ago. Both of these amounts are stated net of income tax effects, a tax benefit of \$218,000 for the current year and tax expense of \$77,750 for the prior year, as required by generally accepted accounting principles (GAAP). Currently, BDK is completing the jobs which were in progress on May 4, 1992 and preparing the assets for disposal. It is anticipated that the bulk of the assets will be sold by August 31, 1992. Because a loss is anticipated from the disposal of these assets, the Company has also provided for this loss on the Consolidated Statements of Operations under "Discontinued Operations." This amount, \$799,828, or sixteen cents per share, is also recorded

net of a \$412,000 tax benefit, and consists of the expected proceeds from disposal, net of the book value of the assets plus the anticipated costs of shut-down.

The Company reported net income from continuing operations of \$429,535, or eight cents per share, on revenues of \$4,437,938 for the quarter ended March 31, 1992, compared with net income from continuing operations of \$838,860, or sixteen cents per share, on revenues of \$5,457,518 for the same quarter a year ago. Continuing operations are now comprised of oil and gas production and exploration. The oil and gas segment was also unfavorably impacted by lower product pricing, just as the contract drilling segment. The average oil price during the current quarter was \$16.62 per barrel compared with \$24.01 per barrel during the corresponding quarter of last year, while average gas pricing was \$2.07 per thousand cubic feet (mcf) compared with \$2.01 a year ago. Oil volumes dropped approximately 4% and gas volumes rose 11%. The effect of combining price and volume variations lowered oil and gas revenues \$1,019,580, or 19%. Offsetting this revenue drop was a decline in dry hole expense of \$337,942, caused by a reduction in the number of exploratory wells drilled.

Other income and deductions reflected a loss of \$6,133 compared with a loss of \$77,393 in the same period a year ago. Interest expense, net of interest income, was \$26,771 less than the same period a year ago, reflecting better loan rates and a lower amount of debt outstanding.

Liquidity and Capital Resources

At March 31, 1992 the Company's primary source of liquidity was \$7,152,434 in cash and marketable securities. This cash, plus cash generated by operating activities and bank borrowings, have historically been utilized to finance the growth of the Company. With the recent discontinuance of operations within the contract drilling segment, and less emphasis placed on exploratory drilling, the Company will concentrate its energies within the oil and gas segment and will continue to seek potential acquisitions of producing properties. Depending upon the size and terms of any such acquisitions, additional financing may be required.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAYNARD OIL COMPANY

By: Glenn R. Moore
Glenn R. Moore
President

By: Kenneth W. Hatcher
Kenneth W. Hatcher
Vice President of Finance

Dated: May 14, 1992